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SUBJECT: TOKYO MEDIA REACTION - FAO CONFERENCE ON WORLD
FOOD SECURITY AND SURGING OIL PRICES

11. LEAD STORIES: Front-page items on Wednesday morning included the opening of the FAO conference on food security, as well as an alleged test-launch of a prototype SLBM by China in the Yellow Sea in late May.

12. "Both Short- and Long-Term Approaches Needed to Resolve Food Crisis" The business-oriented Nikkei editorialized (6/4): "In order to rectify the global imbalance between agricultural production and consumption, measures to facilitate agricultural trade are needed. Ensuring free trade of farm products, just like industrial goods, is a major principle for the global economy. Both export and import restrictions run counter to this principle."

13. "Promotion of 'Second Generation' Biofuels Needed" The top-circulation, moderate Yomiuri argued in an editorial (6/4): "Biofuel is effective in preventing global warming. At the same time, about 24,000 people die from starvation every day around the world. We should be careful about burning agricultural products. The FAO summit must study measures to curb biofuels. If 'second-generation' biofuels were developed cheaply, it would have the effect of assuring food supplies while tamping down the oil market. Accelerated efforts are needed to develop such fuels. "

14. "Concerted Monitoring Needed to Check 'Hot Money'" The conservative Sankei asserted (4/4): "One problem with surging oil prices is that there are no immediate solutions at hand. Controlling monetary supplies would be one tool for curbing the inflow of speculative money into the oil market. However, loose monetary policy must be maintained until the market turbulence associated with the subprime loan crisis comes to an end. This is the dilemma facing central banks around

the world..... 'Hot money' provides financial markets with dynamism. However, if the amount becomes too large, it exacerbates price fluctuations and makes the markets unstable. Enhanced monitoring of such money is needed to maintain market order."

SCHIEFFER